



The Challenge of Change

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The Challenge

*Neither a wise man nor a brave man lies
down on the tracks of history to wait for
the train of the future to run over him.*

—Dwight D. Eisenhower

Change Is Constant

Nowadays change is around every corner; in my day it was only around the expected ones.

—V.L. Allineare

People feel it: The constant pressure to do more, do faster, keep up. Technology, globalization, the demand for productivity and growth, competition, complexity, and pressures from stakeholders, shareholders, and employees drive an environment of continuous and constant change. And, significant technological breakthroughs and innovations—each of which often drives enormous change—are on the rise.

Today's market and competitive pressures require that organizations not only are ready to transform themselves, but also to continuously "tweak" themselves by improving individual performance, making service improvements, streamlining processes, implementing new systems and technologies, reducing costs, upgrading talent, and responding to changes in leadership.

People feel it: When organizations change the pressure trickles down. Each change can take a toll on employees and customers alike in terms of focus, productivity, satisfaction, and loyalty.

Change or Die?

It is not necessary to change. Survival is not mandatory.

—W. Edwards Deming

Organizational change is difficult. We know that. But you can change, right? Okay, that's difficult too. But what if you were told you need to make a change or you will die? What if, for example, your doctor told you that you needed to make a change or you would die? You'd do it, right? Who wouldn't?

Most people wouldn't. In fact, 90 percent of people don't. Even when not changing means death, we are immune even to change-or-die messages.

A rather vivid example of this has to do with people who undergo bypass surgery to correct the chest pains and arterial blockages associated with severe heart disease. The surgery is an invasive, painful procedure. In 50 percent of cases of bypass surgery or angioplasty, the procedures end up failing to protect patients against future heart attacks. Why? Not because the procedures were inherently flawed. No. The high failure rate occurs because 90 percent of post-intervention patients do not make the long-term behavioral lifestyle changes necessary to help these invasive procedures do their jobs—even in the face of being told they will likely either need further surgery or die if they do not.¹

What does this mean? For managers, it means that the "burning platform" has limited effectiveness. It may work for a short while, people may make changes, but when the fear wears off (as it inevitably will), the old behaviors will return.

¹ Deutschman, Alan, "Change or Die," *Fast Company*, vol. 94. May 2005.

All Change Is Personal and Emotional

*I put a dollar in one of those change machines.
Nothing changed.*

—George Carlin

Just after World War II, the soft drink Coca Cola had a market share of 60 percent. By 1983, fierce competition from Pepsi had driven the share down to 24 percent. In the 1970s, Pepsi launched the “Pepsi Challenge.” Blind taste tests overwhelmingly showed that people favored the taste of Pepsi over Coke. Coca-Cola ran its own taste tests with the same results. By the early 1980s Coca-Cola was working on a new, sweeter formulation of its flagship brand. In blind taste tests, this new formulation overwhelmingly beat Pepsi, as well as traditional Coke. It seemed just the product to improve Coca-Cola’s market share. New Coke would be the new formula for the flagship brand. The old formula would not be bottled. New Coke was introduced with much fanfare on April 23, 1985.

By July 11 of the same year, bottlers began producing the old formula again under the name of Classic Coke, and New Coke quickly began to disappear (although it is still marketed as “Coke II” in some areas).

In 1985, Donald Keough, Coca-Cola CEO, explained the misstep: “The simple fact is that all the time and money and skill poured into consumer research on the new Coca-Cola could not measure or reveal the deep and abiding emotional attachment to original Coca-Cola felt by so many people. The passion for the original was something that caught us by surprise. It is a wonderful American mystery, a lovely American enigma, and you cannot measure it any more than you can measure love, pride, or patriotism.”

The Personal View

“Who are you?” said the caterpillar ...

“I—I hardly know, Sir, just at present,” Alice replied rather shyly, “at least I know who I was when I got up this morning, but I think I must have changed several times since then.”

—Lewis Carroll

Your Brain on Change

People do not resist change ... they resist being changed.

—Richard Beckhard

For years managers have believed that some people were simply “resistant” to change—unwilling to go along. And there are some people who, out of spite or disloyalty, or for some other reason, simply resist new policies, procedures, and strategies. But we have more information today. We now know that there are physiological factors that actually make us feel that change is difficult, and that those feelings can translate into resistance. The fact is, the way the brain operates has a strong impact on the way people react to change.

Think for a moment about something you are very comfortable doing, say, driving. Now imagine visiting a country that requires you to drive on the opposite side of the road. Driving, something you are really used to, now requires your extreme vigilance and attention. This is because the brain lays down well-worn pathways for repeated behaviors—no matter what sort of behavior—so that they become automatic and require that the brain use small amounts of energy. When you are suddenly asked to “drive on the opposite side of the road,” then different energy-intensive parts of the brain must operate in order for you to perform. It leaves the brain, and its owner, tired. The same is true of workplace changes.

If you are taking a long-awaited vacation Down Under, you are no doubt motivated to learn to drive on the opposite side of the road. You will be motivated to deal with the “pain” and fatigue, and the change will occur more quickly and smoothly. These same factors apply to workplace changes.

The Power of Knowing

There are four stages of acceptance:

- (1) This is worthless nonsense*
- (2) This is interesting, but perverse*
- (3) This is true, but quite unimportant*
- (4) I always said so*

—J.B.S. Haldane

It is human nature to become attached to the way things are. Psychologically, we do not like to switch from something that is working well for us now to something new. Part of this has to do with the way the brain works, as discussed earlier, and part of it has to do with our emotional ties to the status quo.

So how do we become motivated to make a change and stick with it?

We need to see, feel, and essentially touch its value for us personally.

Science shows that willingness to adopt a change is based on the answers to four important questions. Answers in our favor result in commitment to the change; contrary answers result in resistance.

Those questions are:

- Is there a relative advantage to me, personally?
- Is it clear to me what the results will be—clear enough that I could explain them to someone else?
- Does this fit with my values, what I know to be true from experience, and with my personal needs?
- Can I test or get a sense for how this will work for me personally?

In organizations, people at the top generally get these questions answered for themselves, then start to roll out the changes. In workplace change it is important to remember that people at the front line will be behind you in their answers to these questions. To help you, keep this simple, research-proven rule of thumb in mind: *The potential benefits of the change need to feel at least three times as strong to people as the known benefits of the way things are now for them to commit to making the change.*

Personal Transitions

Every beginning is a consequence—every beginning ends something.

—Paul Valery

All change—from your company's merger to your New Year's resolution to lose 10 pounds—is personal. That's because it requires that people change the way they think, act, or both. And all personal change is a transition from the old way of doing things or thinking about things to the new.

In organizations as in personal change, we tend to focus on the outcome the change will produce: a merged company, the realized strategy, the fully functioning new customer service software. What managers and organizations pay very little attention to is the fact that for the new to begin, the old must end, and with it people's emotional attachment to it. William Bridges² has studied the personal transitions required of people in organizations for change to take hold. He has identified three stages that all people must go through in change, in this order:

1. Endings
2. The neutral zone
3. The new beginning

Personal Transitions (cont.)

Endings

The first stage, endings, is critical. People have to let go of the old reality—their ways of working, their identity—in order to begin to adopt the new. This generates feelings of loss. Think about selling your first house to move into an exciting, larger home with many features and benefits not available in the old one. Despite the real benefits you'll gain, leaving the old home is a real loss. These same feelings occur in organizations and must be acknowledged.

The Neutral Zone

The next stop is the neutral-zone: that area of confusion and uncertainty between the status quo and the new. This is when old habits and ways of doing things are replaced with the new. It is a painful process (as we learned in the psychobiology of change), but it is necessary.

The New Beginning

It is not until these two transition points, letting go of the old and the neutral zone, are successfully traversed that a person can get to the new beginning. The new beginning occurs when people develop a new identity, feel new energy, and discover the sense of purpose that makes the change begin to work.

² Author of *Managing Transitions: Making the Most of Change*, Da Capo Press, 2003.

The Organizational View

In many respects, the ultimate competitive advantage in today's business environment is the ability to change.

—Edward Lawler and Christopher Worley

Cultural Change

People change what they do less because they are given analysis that shifts their thinking than because they are shown the truth that influences their feelings.

—John Kotter

Culture defines the feel of an organization. It sets the standards, boundaries, and expectations for how people behave and interact with one another, and with customers, suppliers, and the public. Culture is why one company can be relaxed, casual, creative, and team-oriented while another in the same business can be more formal, structured, and risk-averse.

Change and culture impact one another in important ways.

Some changes require alterations to the organization's culture. In order to succeed, a highly aggressive innovation strategy would require a major cultural shift in a risk-averse organization. In fact, such a culture could be so well inoculated against the change that it might have no chance for success at all. Very often, change fails when it is faced with a radically opposed culture. Most organizations think about culture too late, because most change models leave culture change until the end of the change process.

This is a costly mistake. Culture must be accounted for early and often. Managers must anticipate the impact of the culture on the needed changes and vice versa, and do this from the very beginning.

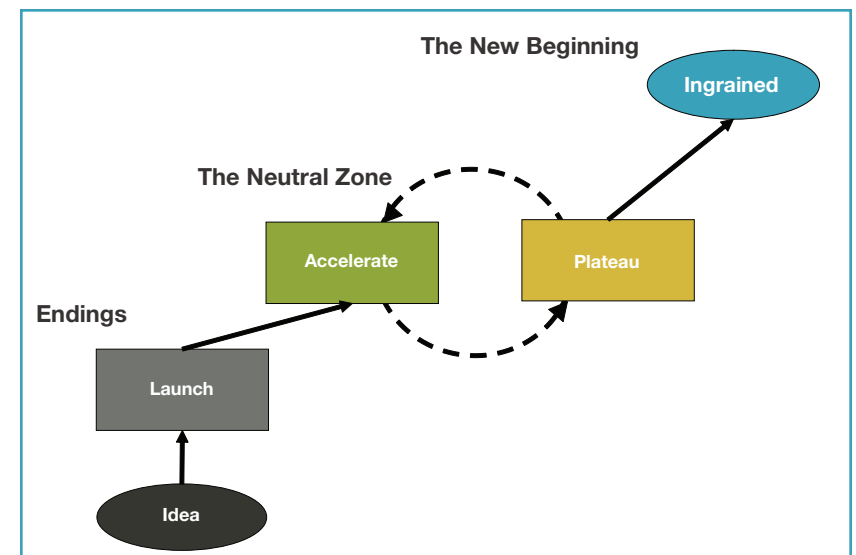
The Dynamics of Change

Change is not an event, it is a process triggered by an event. Some of these events are voluntary, some are imposed, and many just seem to happen. Regardless of the origin, the process that humans rely on to deal with them is what we call “change.”

—Daryl R. Conner

Mirroring the stages of personal transition, all change—personal, team, organizational—goes through predictable stages (launch, accelerate, plateau) on the journey to becoming ingrained in the way things are done. This is true for both successful and failed changes.

Think about your last exercise or weight-loss effort. You finally made the decision. You “launched” by finding the right diet, enrolling at the gym, or researching exercise programs (to run or not to run). You were committed! And no wonder because the results began to accelerate—the more you



The Dynamics of Change (cont.)

worked at it and focused on it, the faster you gained strength or lost weight. The results fed your activities. Until ... at some point, the results started to level off. The last 5 pounds was coming off very, very slowly. Until you either found a way to reaccelerate your results or quit.

The same is true in organizational change. Most **launch** activity involves planning for implementation and building the project team. For those participating, the launch phase includes a lot of activity and work; to the rest of the organization, it can seem like a holding pattern.

During **accelerate**, implementation has begun and involvement is growing. Early on, when relatively fewer people are involved, small actions can deliver what seem like big results; in fact, people notice almost any result, because it occurs against the blank slate of the “old way of doing things.” Losing the first 5 pounds is always the best. Good results generate enthusiasm and attract people, and momentum builds.

All changes have at least one **plateau**, the time when momentum levels off. Change can fail in any stage, but the plateau is always the critical turning point. When allowed to go on for too long, the change can take a downward turn toward failure. Failure often occurs when managers stop focusing on it, or become involved in interesting new initiatives, or mistake full participation for full adoption, and therefore stop too soon, or they assume decreasing results mean the change isn’t working, and pull the plug.

The Dynamics of Change (cont.)

The plateau is like the neutral zone: the time when managers must be on their toes, pay close attention, and take action to **reaccelerate** the change. This involves being aware that the change has reached a plateau and being strategic about next steps. Two mistakes are continuing to do the same thing and switching to something completely different. Here are some guidelines for reaccelerating:

- *Don’t* allow the plateau to last too long—it threatens your success.
- *Do* analyze the situation to identify critical barriers to progress; for example, a key sponsor’s focus shifting elsewhere, too many simultaneous initiatives, or extreme fatigue from the change.
- *Do* decide on key actions that will build momentum for the initiative again, and plan your orchestration.
- *Don’t* imply that the change is complete, either by declaring victory prematurely or by making it seem as though it failed. Otherwise you will need to take the process back to the launch phase and reinitiate the change in a different way.
- *Do* announce a new stage in the process that is clearly linked to the overall goals and process.
- *Do* be explicit about next steps, how they will achieve the goals of the change, and how they relate to overall objectives.
- *Do* remember the concept of leverage: Small actions can sometimes have as great an impact as big ones.

Leading Change

[Leaders] have to acknowledge the impact of the changes they propose on those who will implement them. Such changes affect the way people feel and the way people interpret the meaning of their own participation.

—Terry Pearce

What Successful Change Leaders Do

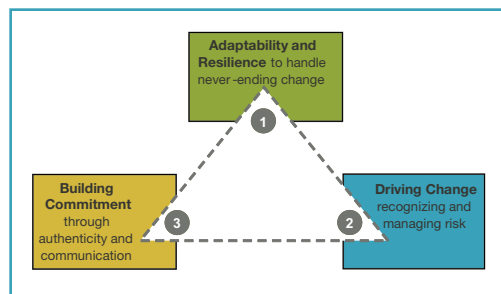
If you want to build a ship, don't drum up the men to go to the forest and gather wood, saw it, and nail the planks together, but rather teach them to long for the endless immensity of the sea.

—Antoine de Saint-Exupéry

Upwards of 70 percent of organizational change initiatives fail.³ The small percentage of organizations that win at the “change game” do so because they have managers who know how to execute change. What’s different about those managers?

They are people who are better able to sustain high levels of performance under turbulent conditions. This “adaptability” sets the tone for their people, helping them to increase their own adaptability and resilience in the face of change.

They also know how to drive change. They accelerate the impact of new strategies, initiatives, and priorities, because they understand and manage risk. Most importantly, they really understand the importance of commitment, and they know how to build it in themselves and in others.



Adaptability and Resilience

Because things are the way they are, things will not stay the way they are.

—Bertold Brecht

Adaptability is the ability to flourish and sustain high performance under challenging and changing situations. When someone is highly adaptable, you know it. These are the people whose response to a constantly shifting world—including daily shifts in priorities, surprises, minor adversities and annoyances, and more lasting or deeply felt changes and events—is consistently positive and productive. Such a person enjoys high levels of energy, a realistically positive outlook, and due to “thinking ahead” is rarely thrown off balance by surprising events. You may know someone like that, but you probably don’t know a lot of people like that.

You’re far more likely to know people with moderate or even low levels of adaptability: someone for whom the world weighs heavy, whose reactions often seem out of proportion to events, not a depressed person, but someone who finds it difficult to bounce back. You probably know more of these people, because only about 20 percent of people have very high levels of adaptability.⁴ Most fall between the two extremes, with middling levels of adaptability and plenty of room for improvement.

The good news is that adaptability can be improved through conscious effort and focus on three areas: dealing more effectively with ambiguity, understanding your inner voice, and managing your energy.

³ Senge, Peter et al., *The Dance of Change: The Challenges to Sustaining Momentum in Learning Organizations*, Currency, 1999.

⁴ Estimate based on Stoltz, Paul G., *The Adversity Quotient @ Work*, HarperCollins, 2000; Hodgson, Phillip, and Randall White, *Relax, It's Only Uncertainty: Lead the Way When the Way Is Changing*, Pearson Education, 2001; Bruch, Heike, and Sumantra Ghoshal, “Beware the Busy Manager,” *Harvard Business Review*, February 2002; and Loehr, Jim, and Tony Schwartz, *The Power of Full Engagement*, The Free Press, 2003.

Dealing with Ambiguity

Ambiguity is the place where opportunity lives.

—Philip Hodgson and Randall White

Lt's face it. Change creates ambiguity. And ambiguity can make you feel uncomfortable and uncertain. People who deal well with ambiguity consistently use several important practices.

They regularly think about and **anticipate the future**. They read broadly without limiting themselves to the standard fare. They think about how information, news, events, or ideas from seemingly unrelated areas affect each other and how they might affect the future. They are ready.

They work on being able to **accept uncertainty**, like what happens when you make a decision with less than “all” of the caution, information, or data you want. To them, failure is an opportunity to learn more and do better next time.

They are **flexible**. They make rapid course corrections when unforeseen events or errors unfold, and still focus on the goal.

They have **tenacity**. They relish challenge and persevere. They are realistic as they doggedly pursue goals and objectives.

They are **curious**. They look to new and different sources of information and find new ways to think about problems and opportunities.

Understanding Your Inner Voice

If you don't like something, change it; if you can't change it, change the way you think about it.

—Mary Engelbreit

Did you know that on an average day, we each encounter 23 misfortunes? Everything from minor annoyances, unexpected interruptions, and delays to major adversities! Think what an opening large organizational change creates for misfortunes! And, all the while, you have that running, silent conversation with yourself about everything that happens—the voice in your head that constantly interprets and measures the impact on you. That voice plays a very important role in determining how well you adapt not only to your 23 little misfortunes, but also to the bigger changes you face.

We know from decades of psychological and health research that the way your inner voice explains the things that happen to you determines how you will react to the event. More than that, your inner voice has a direct impact on your ability to perform under stressful conditions—the sort that exists in surplus during change. Your inner voice is a key component of adaptability.

What do you say to yourself when something bad happens? Some people (those whose inner voice tends toward the very negative) say, “I can't do anything about it, it's going to last forever, and it's going to affect everything I do.” They explain bad events as having a broad scope and long duration, and as being immune to their own influence. Other people (those whose style is realistically positive) say, “I can do something about this, it won't last forever, and it has a limited impact on me.”

Understanding Your Inner Voice (cont.)

While a negative inner voice is an effective barrier to positive action, denial and unrealistic optimism are just as detrimental. No, “positive thinking” is not the answer. No one likes a Pollyanna, and adaptability isn’t improved by being one. When adversity strikes, your inner voice should be realistically positive—reflecting both the *reality* of situations and optimism about your ability to deal with and overcome them.

Use the four C.O.S.T. questions when adversity strikes; they will help make your inner voice more realistically positive:⁵

- C What Control do I have in this situation?
- O How can I take Ownership and improve this situation?
- S What is the Scope of this situation? What aspects of my life will it impact?
- T How much Time will this situation span?

Managing Energy

Again, it is often well that you should leave off work and take a little relaxation; because then you come back to it, you are a better judge; for sitting too close at work may greatly deceive you.

—Leonardo Da Vinci

Today’s environment requires that we do more in less time, multitask, manage multiple points of contact (cell phones, desk phones, laptops, Blackberries, and more), and still perform at high levels. The key to success in this hectic environment is the ability to create, harness, and renew energy: physical energy, mental energy, and spiritual energy. Managing energy well allows you to sustain high performance and forces you to really focus on what is important.

Highly adaptable people do three things to manage energy: They maintain a sense of purpose or meaning, they focus on their own physical well-being, and they regularly find sources of personal renewal.

Create Meaning

“Meaning” is personal. For one person it may be spiritual, for another, family, and for another meeting a specific goal. In all cases, it rests on a set of values and a purpose. Highly adaptable people find and/or make meaning in virtually everything they do. And, by aligning themselves with their personal meaning and doing what matters most to them, they create for themselves a focus and source of energy that helps them to cut through much of the chaos around them.

⁵ Model based on the combined work of Seligman, Martin E., *Learned Optimism*, Vintage, 2006, and Stoltz, Paul G., *The Adversity Quotient @ Work*, HarperCollins, 2000.

Managing Energy (cont.)

Be Healthy

Physical well-being is the bedrock of personal energy; it is impossible to sustain high performance without it. Science confirms what your mother always told you: eat right and exercise regularly. Studies of employee performance show that increases in physical fitness reduce time off the job, error rates, and on-the-job accidents and grievances, and improve complex decision making, alertness, co-worker interactions, concentration, and productivity. Physical well-being also includes a positive emotional environment. Highly adaptive people understand the importance of a balanced emotional life, positive emotional climate, and positive relationship with people to a healthy mental life.

Renew and Recover

Like elite athletes, highly adaptive people often build highly structured renewal rituals into their days: brief breaks to correspond with the natural rhythm of energy stores, which cycle every 90 to 120 minutes all day.

Driving Change: Recognizing and Managing Risk

If you want to make enemies, try to change something.

—Woodrow Wilson

Let's face it; change can be risky. It must be if over two-thirds of change initiatives fail. A lot has been written on the traps and pitfalls of change, but there is little consensus on which are truly meaningful—which are predictive of success or failure. We now know there are six critical risk factors to keep in mind and manage. They are:

- Whether the **project team** has the skill, resources, and support of the organization to bring the project to success
- How much additional **work effort** (above and beyond normal responsibilities) the change requires of people at the “frontlines”
- The level of visible **commitment** demonstrated by leadership and by the employees most affected by the change
- Whether the project team is empowered to and regularly makes **course corrections**
- The **magnitude or reach** of the change into and across the organization and its degree of consistency with current culture and values
- The extent to which people need to **change behaviors** for the change to succeed

Keep in mind that no change initiative is without risk of failure. Do not seek to reduce risk to zero. Higher risk requires a higher degree of focus and implementation discipline. Make no mistake: A simple change of short duration to which people are highly committed will generally succeed, but it may not be as transformational as needed. The goal is to assess and minimize risk strategically.

Building Commitment: Being Authentic

The man who looks for security, even in the mind, is like a man who would chop off his limbs in order to have artificial ones which will give him no pain or trouble.

—Henry Miller

Change, for all the reasons described earlier, can cause people to feel concerned, uncertain, and even to distrust leadership. Openness and trust are essential to building and keeping commitment for change. As a leader, the best thing you can do is to simply be yourself and be honest. Being yourself and being honest are at the core of authenticity.

Authenticity speaks to others in a way that flowery words and bold promises cannot. Authenticity makes you credible *and* builds commitment.

Some tips:

- Be aware of your personal style.
- Don't be afraid to express doubts you've had *and* explain how you overcame them.
- *Don't* try to be "the expert." That is an outmoded and often ineffective leadership style.
- Be willing to say "I don't know," and provide assurance by following with "I will find out."

Building Commitment: Communicating to Connect

Seek first to understand, then to be understood.

—Stephen R. Covey

Change is personal. So connecting with people on a personal level is necessary during change. The simple act of connecting personally when you communicate will help people to answer the four questions we talked about earlier. Your personal authenticity, credibility, and the connection you make will build confidence and trust. Connecting shows you care.

Some tips for connecting:

- Stop, look, and listen—take the time to observe and listen for both the issues and information as well as the feelings.
- Recognize and acknowledge these feelings as you communicate.
- When you communicate, focus fully on the other person. Don't allow yourself to be distracted.
- Instead of quickly giving the "answer," ask questions to explore and ensure that you are addressing the *real* issue. Often, it's the unsaid that's the most important.
- Engage the other person in providing answers and suggestions—often they know, but need someone to share feelings with.

Building Commitment: Motivating Through Modeling

Leaders exercise their influence in two principal, though contrasting ways: through the stories or messages they communicate, and through the traits that they embody.

—Howard Gardner

Gandhi once said, “Be the change you want to see in the world.” It is quite simply one of the most effective ways to help others change their own behaviors. Yet it is difficult to do, because you can’t always demonstrate your behavioral commitment in the moment. So how can you do this?

Focus on doing the right things. People watch what you do. In fact, in all your communication, only 7 percent of the message is carried by your words.⁶ The rest people get from your tone of voice and your body language. Beyond that they will do as you do, more often than they’ll do what you say.

The second way is to tell stories. We know from both personal experiences (if you are a parent, you’ve seen the wonder in your child’s eyes when you read them a bedtime story) and from science that stories connect with people in ways that facts and data cannot. In fact, our brain organizes all of our experiences in the form of stories.

Your stories can be simple and short—you don’t need a lengthy fairy tale, nor must you be an accomplished storyteller. Just think about experiences of your own that relate to the issue at hand. So tell stories to communicate your authenticity—talk about your own struggles. Tell a story to describe how someone else overcame an issue another person now needs help with. Use metaphors to illustrate and explain things to others. And tell stories that describe how things will be once the difficulties of the neutral zone or plateau have been overcome.

⁶ Mehrabian, A., *Silent Messages: Implicit Communication of Emotions and Attitudes*, Wadsworth Pub Co, 1980.

*It is good to have an end to journey
towards; but it is the journey that matters,
in the end.*

— Ursula K. LeGuin